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Mr. Minister and Distinguished Guests:

On behalf of my wife and my colleagues, I extend my deep thanks for your gracious welcome. We anticipate the days ahead with pleasure. We look forward to our talks on vital matters of mutual concern, our visits to military units, and our contact with your people. I believe that the friendships we make during the coming week will grow into relationships that contribute to world peace.

A little over a year ago, President Carter and Premier Hua announced that our two governments had established diplomatic relations. On that occasion, President Carter stated, "The change that I am announcing will be of great long-term benefit to the peoples of both our country and China, and to all the peoples of the world. Normalization and the expanded commercial and cultural relations that it will bring will contribute to the well being of our nation, to our own national interests, and it will also enhance the stability of Asia."

These high hopes for our new relationship have begun to be realized. Vice President Deng Xiaoping made an historic visit to the United States, and Vice President Mondale was welcomed by your great nation. Our economic, cultural, and scientific relations have flourished. Our consultations on matters of common strategic concern have widened and deepened. The security of our two countries has been enhanced as a result of these expanding ties.

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But we meet at a time of severe challenge to those fundamental principles which sustain a peaceful community of independent nations -- principles to which both of our countries are committed. In the Middle East, Iranian kidnapers backed by the Iranian Government hold American diplomatic personnel as hostages, contrary to the most fundamental rules of international conduct. In Southeast Asia, Vietnam, with Soviet backing, has invaded its neighbor Kampuchea, callously inflicting untold human suffering in the process. In Southwest Asia, the Soviet Union has invaded and is occupying a neighbor in an effort to subjugate the Moslem people of Afghanistan. has overthrown a friendly government -- one with which it has a Peace and Friendship Treaty. It has expressed its friendship by having the President of that government and his family In other areas, the Soviet Union is exacerbating local tensions and seeking to exploit them for its own strategic benefit. These developments test the resolve of all countries committed to the maintenance of a just world order. Under these circumstances, increased cooperation between China and the U.S. can be an important -- and is a needed -- element in the maintenance of global tranquility.

Improved relations between China and the U.S. are not directed against any third country, though the actions of

others will affect the nature of our relationship. In the course of the past eight years, the PRC and the U.S. have discovered that we have no reason to be enemies, and we have compelling reasons to be friends. Previously our two nations dissipated energy and resources by planning and arming for the contingency of conflict with each other. This abnormal situation diminished our ability to deal with the real threats to our security. But now the United States recognizes its stake in a secure, strong, peaceful, and friendly China. And we believe that China recognizes the benefits it derives from a powerful, confident, and globally-engaged America.

We both seek a peaceful international environment. — we because we have so much to lose in a world of disorder and strife; you because rapid modernization requires stability and peace. Such a world -- in which diplomts are able to reconcile differences among nations without fear for their personal safety, and in which weak and small nations have no fear of military domination or invasion by outside powers in the name of 'Peace and Friendship' -- is essential not only for China and the United States, but for all nations that seek to preserve their independence and enhance their material well being.

With these considerations in mind, I have come to China, at your kind invitation and at President Carter's request, to broaden the security dialogue between our two governments and

to exchange views on how we might facilitate wider cooperation on security matters in the future.

For some years we have exchanged general perspectives on international political and security affairs as well as on specific issues of mutual concern. These discussions have improved our understanding of world affairs, limited disagreements in areas where our positions differ, and maximized opportunities for parallel actions where our interests converge. I believe we should continue to broaden these exhanges. It is particularly important that we discuss the situation in Afghanistan, Pakistan, Iran, Indochina, and Northeast Asia.

The stability we both seek can best be attained if greater restraint and predictability exist in the production and deployment of arms. For that reason, Ambassador George Seignious has accompanied me, and will participate in our discussion of arms control issues.

We have begun to realize the benefits of contacts between our defense establishments. I am prepared to discuss arrangements for expanding such professional contacts and exchanges.

Cooperation in all of these areas offers mutual benefits. It endangers no third party. But it should remind others that if they threaten the shared interests of the United States and China, we can respond with complementary actions in the field of defense as well as diplomacy. It should remind them that

" the Peoples' Republic of Cluma,

both the U.S and the PRC intend to remain strong and secure and to defend our respective vital interests.

Mr. Minister, as the first American Secretary of Defense to visit Chine, I bring an awareness of the important strategic concerns we share and a conviction that if we consult closely, remain vigilant to dangers, and husband our strength, aggression which could precipitate global conflict can be deterred.

Mr. Minister, I have looked forward to this visit with keen anticipation. I know that our discussions will be productive. And I ask all present now to join me in a toast to the health of Premier Hua, of Vice Premier Deng, of Defense Minister Xu, our Chinese hosts, the Chinese people and to the peace and security of the world that our further cooperation can do so much to strengthen.

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KAY JUNG YO EE WAN!SWAY! GAN BE!?

LONG LIVE SINO-AMERICAN FRIENDSHIP! BOTTOMS UP!